

# Status Report, July 16, 2021

## TOD Council Permitted Interaction Group (PIG) Work Plans (Adopted 6/12/18)

Permitted Interaction Group	Members	Tasks	Timeline
<b>East Kapolei</b>  <u>Charge for Investigation:</u> Problem-solving Financing & Implementation of State TOD Infrastructure & State TOD Projects on Oahu	1) OP Director 2) HHFDC Executive Director 3) UH President 4) DHHL, Chairperson HHC 5) DLNR, Chairperson BLNR 6) DOE Superintendent 7) DOT Director 8) HCDA Executive Director 9) City and County of Honolulu Mayor	<u>TOD CIP Project: Phase I Charge Tasks:</u> <ul style="list-style-type: none"> <li>Develop preferred master land use plan to identify infrastructure requirements</li> <li>Identify infrastructure deficiencies &amp; requirements for preferred plan</li> <li>Identify public outreach strategy for TOD implementation</li> <li>Refine evaluative criteria, develop performance metrics</li> <li>Identify infrastructure implementation plan, phasing &amp; financing strategy</li> </ul>	<u>JUN 2018 – NOV 2018 – TASKS</u> <u>DEC 2018 mtg</u> –REPORT Recs & Disband PIGs  <u>JAN 2019 mtg</u> –ACTION: APPROVE Recs & Establish PIGs to work on next <b>Report to Council: 3-12-19</b> <b>Dissolved by Council: 4-9-19</b>
		<u>TOD CIP Project: Phase II Charge Tasks:</u> <ul style="list-style-type: none"> <li>Identify infrastructure costs, financing options, phasing for preferred plan</li> <li>Develop preferred infrastructure implementation plan, phasing &amp; financing strategy</li> <li>Develop preferred infrastructure implementation plan, phasing &amp; financing strategy</li> </ul>	<u>JAN 2019 – OCT 2019 – TASKS</u> <u>NOV 2019 mtg</u> –REPORT Recs & Disband PIGs  <u>DEC 2019 mtg</u> –ACTION: APPROVE Recs & Establish PIGs to work on next <b>Report to Council: 7-16-21</b> <b>To be dissolved: 9-17-21</b>
		<u>Charge Tasks:</u> Implementation	<u>DEC 2019 – TBD – TASKS</u>
<b>Halawa-Stadium</b>  <u>Charge for Investigation:</u> Problem-solving Financing & Implementation of State TOD Infrastructure & State TOD Projects on Oahu	1) OP Director 2) HHFDC Executive Director 3) Stadium Authority Chairperson 4) DAGS Comptroller 5) HPHA Executive Director 6) DOE Superintendent 7) PSD Director 8) DOT Director 9) HCDA Executive Director 10) City and County of Honolulu Mayor 11) Housing Advocate 12) Developer Representative	<u>TOD CIP Project: Phase I Charge Tasks:</u> <ul style="list-style-type: none"> <li>Develop preferred master land use plan to identify infrastructure requirements</li> <li>Identify infrastructure deficiencies &amp; requirements for preferred plan</li> <li>Identify public outreach strategy for TOD implementation</li> <li>Refine evaluative criteria, develop performance metrics</li> <li>Identify infrastructure implementation plan, phasing &amp; financing strategy</li> </ul>	<u>JUN 2018 – NOV 2018 – TASKS</u> <u>DEC 2018 mtg</u> –REPORT Recs & Disband PIGs  <u>JAN 2019 mtg</u> –ACTION: APPROVE Recs & Establish PIGs to work on next <b>Report to Council: 3-12-19</b> <b>Dissolved by Council: 4-9-19</b>
		<u>TOD CIP Project: Phase II Charge Tasks:</u> <ul style="list-style-type: none"> <li>Identify infrastructure costs, financing options, phasing for preferred plan</li> <li>Develop preferred infrastructure implementation plan, phasing &amp; financing strategy</li> <li>Develop preferred infrastructure implementation plan, phasing &amp; financing strategy</li> </ul>	<u>JAN 2019 – OCT 2019 – TASKS</u> <u>NOV 2019 mtg</u> –REPORT Recs & Disband PIGs  <u>DEC 2019 mtg</u> –ACTION: APPROVE Recs & Establish PIGs to work on next <b>Report to Council: 7-16-21</b> <b>To be dissolved: 9-17-21</b>
		<u>Charge Tasks:</u> Implementation	<u>DEC 2019 – TBD – TASKS</u>

# Status Report, July 16, 2021

## TOD Council Permitted Interaction Group (PIG) Work Plans (Adopted 6/12/18)

Permitted Interaction Group	Members	Tasks	Timeline
<b>Iwilei-Kapalama</b>  <u>Charge for Investigation:</u> Problem-solving Financing & Implementation of State TOD Infrastructure & State TOD Projects on Oahu	1) OP Director 2) HHFDC Executive Director 3) DAGS Comptroller 4) HPHA Executive Director 5) DHHL, Chairperson HHC 6) DOE Superintendent 7) UH President 8) DOT Director 9) HCDA Executive Director 10) City and County of Honolulu Mayor 11) Business Community Rep. 12) Developer Representative	<u>TOD CIP Project: Phase I Charge Tasks:</u> <ul style="list-style-type: none"> <li>Develop preferred master land use plan to identify infrastructure requirements</li> <li>Identify infrastructure deficiencies &amp; requirements for preferred plan</li> <li>Identify public outreach strategy for TOD implementation</li> <li>Refine existing and develop preferred financing options</li> <li>Identify preferred financing options and make a recommendation to 2019 Legislature, as needed</li> </ul>	<u>JUN 2018 – NOV 2018 – TASKS</u> DEC 2018 mtg–REPORT Recs & Disband PIGs  JAN 2019 mtg–ACTION: APPROVE <b>Report to Council: 3-12-19</b> <b>Dissolved by Council: 4-9-19</b>
		<u>TOD CIP Project: Phase II Charge Tasks:</u> <ul style="list-style-type: none"> <li>Identify infrastructure costs, financing options, phasing for preferred plan</li> <li>Develop preferred infrastructure implementation plan, phasing &amp; financing</li> <li>Develop preferred financing requests</li> </ul>	<u>JAN 2019 – OCT 2019 – TASKS</u> NOV 2019 mtg–REPORT Recs & Disband PIGs  <b>Report to Council: 7-16-21</b> <b>To be dissolved: 9-17-21</b>
		<u>Charge Tasks: Implementation</u>	<u>DEC 2019 – TBD – TASKS</u>
<b>Neighbor Islands</b>  <u>Charge for Investigation:</u> Increase Awareness of & Resources (funding, technical assistance) for NI TOD planning	1) Hawaii County Mayor 2) Kauai County Mayor 3) Maui County Mayor 4) OP Director 5) HHFDC Executive Director 6) State Senate 7) House of Representatives	<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Research appropriations options for TOD project funding; prepare recommendations for submittal to 2019 Leg &amp; county budgets</li> <li>Identify strategy for outreach to 2019 Leg &amp; county councils as needed</li> <li>Identify funding opportunities and mobilize resources</li> </ul>	<u>JUN 2018 – AUG 2018 – TASKS</u> SEPT 2018 mtg–REPORT Recs & Disband PIG  <b>Report to Council: 3-12-19</b> <b>Dissolved by Council: 4-9-19</b>
		<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Implement funding request for NI TOD planning support for 2019 legislative session</li> <li>Implement outreach strategy for 2019 Leg &amp; councils</li> <li>Schedule &amp; implement technical assistance &amp; training recs as opportunities allow</li> <li>Identify requests for 2020 Leg &amp; county budgets</li> </ul>	<u>OCT 2018 – AUG 2019 – TASKS</u> SEPT 2019 mtg–REPORT Recs & Disband PIG  OCT 2019 mtg–ACTION: APPROVE <b>Report to Council: 7-16-21</b> <b>To be dissolved: 9-17-21</b>
		<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Implement funding requests for 2020 session</li> <li>Implement outreach strategy for Leg &amp; councils</li> <li>Schedule &amp; implement TA &amp; training recs as opportunities &amp; resources allow</li> </ul>	<u>OCT 2019 – TBD – TASKS</u>

## Status Report, July 16, 2021

### TOD Council Permitted Interaction Group (PIG) Work Plans (Adopted 6/12/18)

Permitted Interaction Group	Members	Tasks	Timeline
		<ul style="list-style-type: none"> <li>Identify recommendations for outreach strategy &amp; funding requests for 2021 Leg &amp; county budgets</li> </ul>	
<b>West Hawaii</b>  <u>Charge for Investigation:</u> <b>Identifying Potential &amp; Needs for TOD Planning &amp; Projects in Hawaii County &amp; Problem-solving Implementation of TOD Projects on Hawaii</b>	1) OP Director 2) HHFDC Executive Director 3) DHHL, Chairperson HHC 4) DLNR, Chairperson BLNR 5) UH President 6) DOT Director 7) DOH Director 8) DOE Superintendent 9) Hawaii County Mayor 10) State Senate	<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Update TOD project priorities &amp; benefit needs</li> <li>Identify other potential TOD projects</li> </ul> <ul style="list-style-type: none"> <li>Identify actions required for priority project implementation, including potential project CIP budget requests for TOD Council recommendation to 2019 Legislature</li> </ul>	JUN/2019 - NOV/2019 - TASKS <b>Report on status: 7-16-21</b> <b>To be dissolved: 9-17-21</b>  <u>JAN 2019 mtg?–ACTION:</u> APPROVE Recs & Establish PIG
		<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Problem-solve project funding &amp; implementation</li> <li>Continue project identification as needed</li> <li>Identify potential CIP budget requests for 2020 leg session</li> </ul>	<u>JAN 2019 – DEC 2019?– TASKS</u>
<b>East Hawaii</b>  <u>Charge for Investigation:</u> <b>Identifying Potential &amp; Needs for TOD Planning &amp; Projects in Hawaii County &amp; Problem-solving Implementation of TOD Projects on Hawaii</b>	1) OP Director 2) HHFDC Executive Director 3) DHHL, Chairperson HHC 4) DLNR, Chairperson BLNR 5) HPHA Executive Director 6) UH President 7) DOT Director 8) DOH Director 9) DOE Superintendent 10) Hawaii County Mayor 11) State Senate	<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Update TOD project priorities &amp; benefit needs</li> <li>Identify other potential TOD projects</li> </ul> <ul style="list-style-type: none"> <li>Identify actions required for priority project implementation, including potential project CIP budget requests for TOD Council recommendation to 2019 Legislature</li> </ul>	JUN/2019 - NOV/2019 - TASKS <b>Report on status: 7-16-21</b> <b>To be dissolved: 9-17-21</b>  <u>JAN 2019 mtg?–ACTION:</u> APPROVE Recs & Establish PIG
		<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Problem-solve project funding &amp; implementation; project development support</li> <li>Continue project identification as needed</li> <li>Identify potential CIP budget requests for 2020 leg session</li> </ul>	<u>JAN 2019 – DEC 2019?– TASKS</u>

## Status Report, July 16, 2021

### TOD Council Permitted Interaction Group (PIG) Work Plans (Adopted 6/12/18)

Permitted Interaction Group	Members	Tasks	Timeline
<b>Maui</b>  <u>Charge for Investigation:</u> <b>Identifying Potential &amp; Needs for TOD Planning &amp; Projects &amp; Problem-solving Implementation of TOD Projects in Maui County</b>	1) OP Director 2) HHFDC Executive Director 3) DAGS Comptroller 4) DHHL, Chairperson HHC 5) DOE Superintendent 6) DLNR, Chairperson BLNR 7) DOT Director 8) DOH Director 9) Maui County Mayor	<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Update TOD project priorities &amp; project needs</li> <li>Identify other potential TOD projects</li> <li>Identify actions required for priority project implementation, including potential project CIP budget requests for TOD Council recommendation to 2019 Legislature</li> </ul>	JUL 2019 - NOV 2019 - TASKS <b>Report to Council: 7-16-21</b> <b>To be dissolved: 9-17-21</b>  <u>JAN 2019 mtg?–ACTION:</u> APPROVE Recs & Establish PIG
		<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Problem-solve project funding &amp; implementation; project development support</li> <li>Continue project identification as needed</li> <li>Identify potential CIP budget requests for 2020 leg session</li> </ul>	<u>JAN 2019 – DEC 2019?– TASKS</u>
<b>Kauai</b>  <u>Charge for Investigation:</u> <b>Identifying Implementation Requirements &amp; Problem-solving Implementation of TOD Projects on Kauai</b>	1) OP Director 2) HHFDC Executive Director 3) DAGS Comptroller 4) DLNR, Chairperson BLNR 5) DOH Director 6) UH President 7) DHHL, Chairperson HHC 8) DOT Director 9) DOE Superintendent 10) Kauai County Mayor 11) House of Representatives	<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Update TOD project priorities, project needs &amp; project delivery gaps</li> <li>Identify other potential TOD projects</li> <li>Identify actions required for priority project implementation, including potential project CIP budget requests for TOD Council recommendation to 2019 Legislature</li> <li>Mobilize resources &amp; coordinate actions &amp; schedules for project implementation</li> </ul>	JUL 2019 - NOV 2019 - TASKS <b>Report on status: 7-16-21</b> <b>To be dissolved: 9-17-21</b>  <u>JAN 2019 mtg?–ACTION:</u> APPROVE Recs & Establish PIG
		<u>Charge Tasks:</u> <ul style="list-style-type: none"> <li>Problem-solve project funding &amp; implementation; project development support</li> <li>Continue project identification as needed</li> <li>Identify potential CIP budget requests for 2020 leg session</li> </ul>	<u>JAN 2019 – DEC 2019?– TASKS</u>

Hawaii Interagency Council for Transit-Oriented Development  
**East Kapolei, Halawa-Stadium, and Iwilei-Kapalama  
Permitted Interaction Groups [April 2019]  
Consolidated Final Report and Recommendations  
July 16, 2021**

This written report consolidates the final reporting of activities and findings from the East Kapolei, Halawa-Stadium, and Iwilei-Kapalama Permitted Interaction Groups as presented to the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) at its February 11, 2020 meeting. Slides from the presentation can be found in *Attachment B*.

## **I. Permitted Interaction Groups Purpose and Members**

The three Permitted Interaction Groups (PIGs) were formed by the TOD Council on April 9, 2019 as forums for consultation and input on the State TOD Planning and Implementation Project, Oahu (State TOD Project), initiated to address TOD implementation issues on State lands in the three TOD priority areas along the Honolulu rail corridor—East Kapolei, Halawa-Stadium, and Iwilei-Kapalama. See *Attachment A* for the PIG member lists.

Co-chairs for the respective PIGs were Craig Hirai/HHFDC, Carleton Ching/UH, and Bonnie Arakawa/UH West Oahu for East Kapolei; Leo Asuncion/Mary Alice Evans/OP, Rodney Funakoshi/OP, and Chris Kinimaka/DAGS for Halawa-Stadium PIG; and Leo Asuncion/Mary Alice Evans/OP, Rodney Funakoshi/OP, and Craig Hirai/HHFDC for Iwilei-Kapalama. The PIGs were staffed by Rodney Funakoshi and Ruby Edwards, assisted by PBR Hawaii, the prime consultant for the State TOD Project.

## **II. Summary of Tasks and Activities in Performance of Tasks**

The three Oahu PIGs were charged with assisting in the following tasks for Phase 2 of the State TOD Implementation Project:

- a. Provide input on:
  1. Infrastructure costs, financing options, and phasing for infrastructure improvements required for the preferred TOD land use scenarios developed in Phase 1 for each area;
  2. A preferred infrastructure implementation plan, phasing, and financing strategy for the TOD priority areas; and
  3. Recommendations for TOD-related CIP or other budget requests to fund infrastructure improvements required for the TOD priority areas, including CIP requests to the Legislature, as needed;
- b. Identify near-term infrastructure and State TOD project implementation issues to be addressed by the PIGs or other entities, develop and implement strategies to address these near-term issues as needed, and ensure that actions taken are integrated with

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options being considered and recommendations being developed in Phase 2 of the State TOD Project; and

- c. Develop recommendations, as needed, for a public outreach strategy for State TOD implementation for this priority area.

Each PIG participated in a series of three meetings held in May 2019, October 2019, and January 2020.

**May 2019 PIG Meetings.** The May meeting was structured for PIGs to review and consult on the following:

- The preferred land use alternative for each priority area for Phase 1 of TOD buildout, 2020-2029;
- Data developed by infrastructure consultant, RM Towill Corporation, on priority area infrastructure deficiencies, needs, rough order of magnitude costs, and estimated time and phasing for improvements; and
- Financing tools and options being considered by the financing consultant, David Taussig & Associates, in the study.

**October 2019 PIG Meetings.** The October meeting was structured for PIGs to review and consult on the following:

- More detailed information on infrastructure needs, required improvements, costs, and timing and phasing of improvements for each priority area;
- Finetuning near-term infrastructure timing and sequencing; and
- Barriers and preferences for existing funding/financing tools and alternative funding or financing tools being recommended by consultant team for the study's financial analysis.

**January 2020 PIG Meetings.** The January meeting was structured for PIGs to review, refine, and consult in depth on the following:

- Data from the infrastructure assessment—needs, required improvement projects, costs—and specific infrastructure needs and financing gaps anticipated for the first ten years of TOD buildout, Phase 1, 2020-2029;
- Funding and financing combinations modeled by the consultant team and key policy variables associated with each funding/financing scenario; and
- Preliminary results of financial analysis of selected funding/financing scenarios performed for Phase 1 infrastructure needs.

### **III. Study Outcomes Resulting from PIG Participation**

With the PIGs' assistance and involvement, the study team was able to: (1) complete a high-level infrastructure needs assessment and cost estimate for required improvements for the three TOD priority areas; and (2) model potential value created by TOD infrastructure investments and alternative cash flow scenarios for Phase 1 buildout based on PIG input on the funding/financing tools used by the consultant team.

**Infrastructure Assessments.** Infrastructure needs and rough order of magnitude costs and infrastructure barriers are summarized for each priority area here. *Attachment C* provides summary tables of anticipated development for each priority area, as well as major infrastructure system improvements required to support this buildout. The following findings are extracted from the State TOD Project Report's *Executive Summary* (PBR HAWAII, 2020).

#### **East Kapolei TOD Priority Area**

Within the next 30 years, the East Kapolei TOD priority area could add about 18,000 new housing units, 6.3 million square feet of new commercial/institutional/mixed-use space, 2.8 million square feet of new industrial space, hotel facilities, a film studio, and more educational facilities for the DOE and UHWO. According to analysis of the preferred development scenario finalized in the last quarter of 2019, upon completion the development identified as new in this study would represent 95% of total residential units and 76% of total commercial/institutional/mixed-use space in the East Kapolei TOD priority area.

Sewer, non-potable water system, drainage, roadways and circulation, public schools, and sustainability and district systems are the key regional infrastructure issues that need to be addressed in the East Kapolei TOD priority area, with estimated infrastructure costs of approximately \$2.37 billion over the next 30 years. Specific infrastructure projects and associated costs can be found in the study report. All the infrastructure in East Kapolei was previously master planned and capacities have been reserved according to these plans. If proposed development density exceeds the existing allocations, landowners will need to consult with the City and utility providers and make agreements with surrounding property owners to reallocate capacities or the master plans for the infrastructure systems in the region will need to be revised.

#### **Hālawā-Stadium TOD Priority Area**

Within the next 30 years, the Hālawā-Stadium TOD priority area is expected to include nearly 6,000 new housing units, 1.7 million square feet of new commercial/institutional/mixed-use space, hotel facilities, new schools, and a new, state-of-the-art stadium. According to analysis of the preferred development scenario finalized in the last quarter of 2019, upon completion the development identified as new in this study would represent nearly 94% of total residential units in the Hālawā-Stadium TOD priority area. The amount of total commercial/institutional/mixed-use space cannot be provided due to information on floor area by existing uses in the priority area being unavailable.

Sewer, roadways and circulation, and public schools are the key regional infrastructure issues that need to be addressed in the Hālawā-Stadium TOD priority area, with estimated infrastructure costs of approximately \$0.95 billion over the next 30 years. Improving infrastructure capacity of these systems will be critical in achieving TOD potential here. There are significant barriers and concerns related to the timing and concurrency of needed infrastructure improvements for TOD development in this area, particularly related to wastewater facility improvements needed to support full buildout. Specific infrastructure projects and associated costs can be found in the study report.

#### **Iwilei-Kapālama TOD Priority Area**

Within the next 30 years, the Iwilei-Kapālama TOD priority area is expected to include nearly 24,000 new housing units, nearly 7.2 million square feet of new commercial/institutional/mixed-use space, and nearly 1.1 million square feet of new industrial space. Overall, the number of

housing units is anticipated to increase, while the total amount of commercial/institutional and industrial space is expected to remain constant or decrease as the lands underlying such uses transition to residential or mixed-uses. According to analysis of the preferred development scenario finalized in the last quarter of 2019, upon completion the State and Kamehameha Schools’ Kapālama Kai and other redevelopment properties would represent 55% of overall new residential development and 7.5% of overall new commercial/institutional/mixed-use space within the Iwilei-Kapālama TOD priority area.

Sewer, electrical system capacity, drainage, and public schools are the key regional infrastructure issues that need to be addressed in the Iwilei-Kapālama TOD priority area with estimated infrastructure costs of approximately \$1.58 billion over the next 30 years. Improving infrastructure capacity of these systems will be critical in achieving TOD potential. There are significant barriers and concerns related to the timing and concurrency of needed infrastructure improvements for TOD development in this area, particularly related to wastewater facility improvements needed to support full buildout in this TOD priority area. Specific infrastructure projects and associated costs can be found in the study report. The Iwilei-Kapālama TOD priority area will also be acutely impacted by anticipated sea level rise (SLR). A Flexible Adaptation Pathway (FAP) Approach was developed by Arup to consider long-term impacts of SLR on infrastructure systems, and its application and value to investment in infrastructure improvements that could address SLR are discussed further in the study report.

**Infrastructure Costs, Value Creation, and Financial Analysis.** Alternative cash flow scenarios were developed and modeled to better understand the utility of various funding and financing mechanisms in filling the gap in infrastructure funds required for Phase 1 TOD buildout for all priority areas. The results of the analysis are summarized here. The following summary of the results of the analysis is extracted from the State TOD Project Report’s *Executive Summary* (PBR HAWAII, 2020).

**Value Creation**

The opportunities brought by rail service and TOD planning not only support TOD goals but are also expected to generate over \$26 billion in direct construction value, in 2019 dollars, over an approximately 30-year period.

**Table 1: Estimated Value Creation in the Three TOD Priority Areas by Phase (2019 dollars, in billions)**

TOD Priority Area	Phase 1: 2020-2029	Phase 2: 2030-2039	Phase 3: 2040-2049	Total
East Kapolei	\$5.88	\$4.02	\$1.51	\$11.41
Hālawā-Stadium	\$1.07	\$0.60	\$1.27	\$2.94
Iwilei-Kapālama	\$3.88	\$4.84	\$3.10	\$11.82
Total	\$10.82	\$9.46	\$5.88	\$26.17

Note: Totals may not add exactly due to rounding.

The anticipated development projects are considered valuable in themselves, but they also support fiscal benefits that can be tapped to capture some of the value created by public infrastructure investment, to help fund the associated public infrastructure need. To the extent

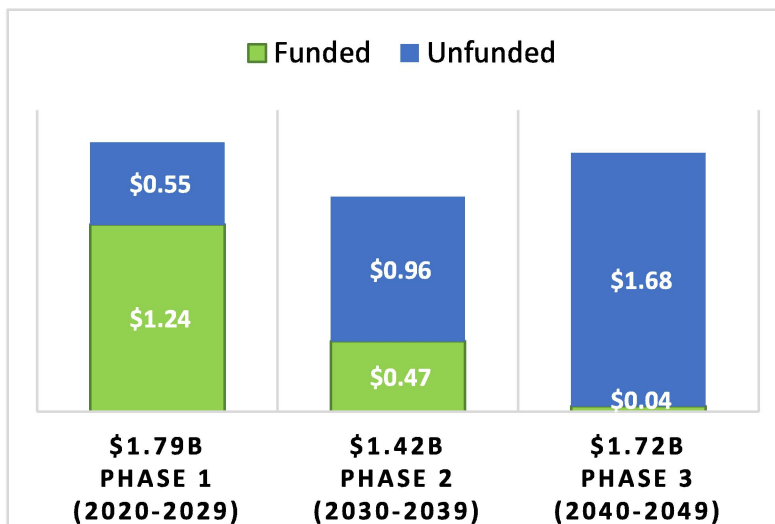


that desired development is not realized, there is missed opportunity for such value capture in support of public infrastructure delivery.

**Infrastructure Need and Costs**

The cost of the additional regional infrastructure required to support State agency goals in the three TOD priority areas is estimated at \$4.93 billion over the next 30 years, in 2019 dollars. To date, an estimated \$1.74 billion in funding has been identified from existing funding sources, including 2- and 6-year Capital Improvement Project (CIP) funds, anticipated yields of sewer and water revenue bonds, ‘Ewa Highway Impact Fees, and anticipated Department of Education (DOE) funding. This leaves an unfunded balance, or remaining cost after accounting for the existing funding sources, of some \$3.19 billion.

**Figure 1: Overview of Shared Regional Funding Need for the Three TOD Priority Areas (2019 dollars, in billions)**



**Recommended Financing Tools**

David Taussig and Associates, Inc. (DTA) examined tools that could be viable options for government to bridge funding shortfalls while meeting stated goals of State agencies and other stakeholders in the TOD priority areas. Numerous issues and challenges unique to this development were addressed with the support of agency participants and other regional stakeholders during discussions and in DTA’s research. These included the multi-jurisdictional nature of the infrastructure projects (City and State); concerns for political viability and public acceptance; land ownership status; timing and the availability of funds, among others.

DTA’s analysis focused on Phase 1 (2020-2029) infrastructure funding needs, because of their immediacy, and because the design options, costs, and available funding resources are most well-known in the near-term. DTA and the study team focused on three value capture tools that were most promising to address the \$0.55 billion in unfunded infrastructure need for Phase 1 (2020-2029) development. The selected tools and their recommended capture rates are:

- **100% of General Excise Taxes (GET) on development expenditures** related to new construction within the TOD priority areas;
- **50% of GET on spending** at new retail, space leasing, and hotel operations within the TOD priority areas; and
- **30% of the additional County Real Property Taxes (RPT)** collected on new development within the TOD priority areas.

Together these would generate \$0.79 billion over time; however, most revenues would not be collected until facilities are developed and operating.

Recognizing that infrastructure capacity is required before project development can be completed, the combination of recommended tools still left a near-term shortfall of some \$0.22 billion. Some of the study stakeholders suggested an Oahu-wide GET surcharge for the short-

term purpose of addressing this funding gap. As a surcharge, the proposed additional tool would not impact current revenues to the State general fund, but it would represent a tax increase spread among Oahu residents and visitors. Based on historical GET collections, a 0.1% surcharge on Oahu GET revenue for just 10 years could be expected to generate approximately \$50 million per year, or \$0.5 billion over the ten-year period the surcharge would be in effect, more than filling this funding gap.

**Table 2: Summary of Preferred Scenario Revenue Sources, Phase 1 (2020-2029) (2019 dollars, in millions)**

Revenue Sources	% of New Revenue Allocated to Fund Infrastructure	New Revenue Allocated to Fund Infrastructure (in Millions)
Construction GET	100%	\$227.6
Ongoing GET	50%	\$486.2
Property Taxes	30%	\$80.9
Community Facilities District (CFD) Special Tax	0%	\$0.0
<i>GET Surcharge</i>	<i>Additional 0.1% GET for 10 Years</i>	<i>\$500.0</i>
<b>Total</b>	<b>NA</b>	<b>\$1,294.7</b>

Source: DTA, 2020

By filling the gap of the initially negative cash flows of Scenario 2, the GET surcharge in this Scenario allows the more gradual value capture revenue yields to accumulate. Thus, in addition to mitigating the early shortfalls, this surcharge also generated a surplus in future years that could be applied to Phases 2 (2030-2039) and 3 (2040-2049), or to other TOD investments or needs. As modelled, Phase 1 (2020-2029) would generate a surplus of approximately \$0.4 billion by 2031, and another approximately \$0.4 billion by 2041.

The identified tools are not the only potentially viable alternatives, and each entails policy and implementation considerations that are discussed further in the study report.

**New Tools for Consideration in Infrastructure System Design and Climate Change Adaptation.** The PIGs were also briefed on the use of district systems for infrastructure and a flexible adaptation pathways (FAP) approach for infrastructure systems at risk from sea level rise. Both models require significant interagency and public-private collaboration to achieve the benefits of either approach, but these remain opportunities for TOD stakeholders to advance such systems to the benefit of each TOD priority area as well as to the broader public.

#### **IV. Recommendation**

Each PIG was polled as to the need to continue to meet beyond the January 2020 meetings. There was no consensus to meet since the study was nearing completion and a final study report was being prepared.

Therefore, the recommendation is the TOD Council accept this consolidated PIGs report and act to dissolve the East Kapolei, Halawa-Stadium, and Iwilei-Kapalama PIGs at the Council’s September 17, 2021 meeting.

## Attachment A. Permitted Interaction Groups Membership

▶ Iwilei-Kapalama	▶ Halawa-Stadium	▶ East Kapolei
(1) Office of Planning Director	(1) Office of Planning Director	(1) Office of Planning Director
(2) Hawaii Housing Finance and Development Corporation (HHFDC) Executive Director	(2) Hawaii Housing Finance and Development Corporation (HHFDC) Executive Director	(2) Hawaii Housing Finance & Development Corporation (HHFDC) Executive Director
(3) Department of Accounting & General Services (DAGS) Comptroller	(3) Stadium Authority (SA) Chairperson	(3) University of Hawaii (UH) President
(4) Hawaii Public Housing Authority (HPHA) Executive Director	(4) Department of Accounting & General Services (DAGS) Comptroller	(4) Department of Hawaiian Home Lands Director (DHHL) Director/Chairperson of the Hawaiian Homes Commission
(5) Department of Hawaiian Home Lands Director (DHHL) Director/ Chairperson of the Hawaiian Homes Commission	(5) Hawaii Public Housing Authority (HPHA) Executive Director	(5) Department of Land & Natural Resources (DLNR) Director/Chairperson of the Board of Land & Natural Resources
(6) University of Hawaii (UH) President	(7) Department of Public Safety (PSD) Director	(6) Department of Education (DOE) Superintendent
(7) Department of Education (DOE) Superintendent	(8) Department of Transportation (DOT) Director	(7) Department of Transportation (DOT) Director
(8) Department of Transportation (DOT) Director	(9) Hawaii Community Development Authority (HCDA) Executive Director	(8) Hawaii Community Development Authority (HCDA) Executive Director
(9) Hawaii Community Development Authority (HCDA) Executive Director	(10) City and County of Honolulu (City) Mayor	(9) City and County of Honolulu (City) Mayor
(10) City and County of Honolulu (City) Mayor	(11) Housing Advocate	(10) Office of the Governor
(11) Developer Representative	(12) Developer Representative	
(12) Housing Advocate		

**NOTE:** Other attachments were deleted. If interested in referencing it, please go to the July 16 TOD Council Meeting under Past Meeting and Materials at the TOD Council website.

July 16, 2021

**Hawaii Interagency Council for Transit-Oriented Development**  
**Maui Permitted Interaction Group [April 2019]**  
**Summary Report and Recommendations**

Members of the Maui Permitted Interaction Group (PIG) were represented as follows:

Mary Alice Evans, OP  
Craig Hirai, HHFDC  
Deepak Neupane, HHFDC  
Dean Minakami, HHFDC  
Ken Masden, DOE  
Robyn Loudermilk, DOE

Pam Eaton, Maui Planning Department  
David Yamashita, Maui Parks Department  
Lauren Armstrong, Maui MPO  
David Rodriguez, DOT  
Heidi Hansen-Smith, DOH

Primary staff support: Rodney Funakoshi, Ruby Edwards, Carl Miura.

The Maui Permitted Interaction Group (Maui PIG) was formed by the TOD Council on June 12, 2018, to address the following tasks: (1) update TOD project priorities and project needs; (2) identify other potential TOD projects; and (3) identify actions required for priority project implementation, including TOD CIP budget requests.

The Maui PIG met once on June 18, 2019. Rodney Funakoshi and Pam Eaton were selected as co-chairs. The primary purpose of the meeting was to discuss the kickoff of the Wailuku-Kahului Transit Corridor Master Plan project, project approach and timeframe, and the potential role of the Maui PIG in supporting this and other Maui TOD projects.

**I. Wailuku-Kahului Transit Corridor Master Plan Project**

Pam Eaton reported that \$500,000 was appropriated by the 2019 Legislature for a corridor master plan between Wailuku and Kahului. The Maui County Council appropriated \$100,000 for the project. The project has strong support of Council members. The goal is to create a transit spine along the corridor, and to be able to capture and capitalize on movement of people along corridor. The project complements other Maui projects: the Maui Long Range Transportation Plan; the County's Kahului 2070 initiative; rewriting of the zoning code to enable mixed-use, and the Central Maui Transit Hub. They're also looking at affordable housing opportunities, integrating Complete Streets and Vision Zero along the corridor.

Eaton sought guidance on formulating the scope of the project, determining the type of consulting team that should be sought, and identifying who needs to be involved at the outset. Comments included those provided by Harrison Rue as to study area definition, consultant experience and analysis desired. There was discussion of needing to engage community members, as well as housing and environmental and other local agencies in the project. She also requested assistance from OP in navigating the request to release State CIP funds.

**II. Role for PIG**

As to the role of the PIG with respect to the project, the sentiment of County staff was that it was too early for the Maui PIG to meet, and that County staff needed to do more outreach to others on Maui first, including State agencies like DAGS and the DOT District Engineer. It was felt that the County needed to identify all the projects in play, the different project types along the corridor—thinking broadly about who’s doing what.

**III. Actions Taken**

- A. OP provided sample documents and contact information for County use in requesting release of State CIP funds from the Governor.
- B. The County submitted request to release CIP funds, which was approved by the Governor, and proceeded with procurement of a consultant team for the Wailuku-Kahului Transit Corridor Project. The project—now the Kaahumanu Avenue Corridor Plan—is expected to be completed by December 2021. It will be used as a model for the County’s West Maui Transit Corridor Plan, which was awarded FY 2021 State TOD CIP Planning funds and will be initiated in FY 2022.

**IV. Recommendation**

The Maui PIG co-chairs recommend the TOD Council accept this report from the 2018 Maui PIG and act to dissolve this PIG at the Council’s September 17, 2021.

## REPORT TO TOD COUNCIL -- AFFORDABLE HOUSING WORK GROUP

The Affordable Housing Work Group was formed by the TOD Council in January 2020 to formulate an achievable strategy for prioritizing and maximizing the development of affordable housing in TOD areas along the Honolulu rail line. Tasks include setting goals for affordable housing development and clarifying plans and development timelines, focusing on the next 10 years to Year 2030. Work Group meetings were held on April 20, May 19, and July 14, 2020 with the following outcomes:

1. The 2019 HHFDC Housing Planning Study projects the need for 17,000 affordable units on Oahu by 2025, with a strong surveyed preference to live close to a rail station.
2. **Inventory of State TOD Affordable Housing Along Honolulu Rail Corridor.** The Work Group developed a preliminary inventory of near-term, 5- and 10-year production estimates for affordable housing projects. Updated status, schedule and number of affordable housing units for State and major private sector development. Approximately 10,000 units were identified which represent affordable housing opportunities; these are subject to infrastructure availability and the need to compete for a limited amount of available funding.
3. **Criteria for Prioritizing Projects.** Refined criteria from *State TOD Strategic Plan* for determining priority projects: public/community benefit, agency/project readiness, catalytic impact, and site considerations.
4. **Project Priority Evaluation:** Conducted a prioritization exercise using the refined Criteria for Prioritizing Projects. Prioritization Exercise combined housing (HHFDC) and TOD (OP) perspectives, including summarized infrastructure costs.
5. **Financing Priority Projects:** Reviewed preliminary estimates of development costs, potential financing sources and amounts, and regional infrastructure needs and costs. This was based on HHFDC financing mechanisms and infrastructure needs/costs from the just-completed State TOD Implementation Plan for TOD priority areas of East Kapolei, Halawa-Stadium, and Iwilei-Kapalama.
6. **Recommendation for Next Steps:** Transition to the Infrastructure Investment Strategy Work Group for refinement of financing priority projects and regional infrastructure.

### Work Group Members:

1. *Governor Sara Lin (Co-chair)*
  2. *Legislature Rep. Nadine Nakamura (Co-chair)*
  3. *HHFDC Denise Iseri-Matsubara, Deepak Neupane*
  4. *HPHA Hakim Ouansafi, Ben Park, Kevin Auger*
  5. *HCDA Garret Kamemoto*
  6. *DAGS Chris Kinimaka, David Deponte*
  7. *DLNR Russell Tsuji, Ian Hirokawa, Lauren Yasaka*
  8. *DOE Kenneth Masden, Robyn Laudermilk*
  9. *UH Carleton Ching, Bonnie Arakawa, Kevin Ishida*
  10. *DHHL Darrell Ing*
  11. *Housing Betty Lou Larson, Jillian Okamoto*
  12. *Developer Bill Brizee*
- Guest: Dave Arakawa, LURF*
- TOD Staff: Mary Alice Evans, Rodney Funakoshi, Ruby Edwards, Carl Miura*

**Project Prioritization / Criteria**

Agency/Developer:	Priority Score
<b>Project Name:</b>	<b>Max Pts: 100</b> <b>50</b>
<b>Public/Community Benefit</b>	<b>max pts: 40</b> <b>20</b>
<ul style="list-style-type: none"> <li>● Provision of affordable/rental housing, including greater percentage of lowest AMI units</li> <li>● Job and business creation and industry expansion</li> <li>● Mixed-use, co-location of public facilities/services, economic opportunities, access to basic goods &amp; services, community amenities &amp; housing</li> <li>● Access to social infrastructure: schools, services, etc.</li> <li>● Intermodal connectivity, accessibility</li> <li>● Sustainable development / green building / climate change / resiliency factors</li> <li>● Improvement of public realm, streetscapes</li> </ul>	

Comments

<b>Agency/Project Readiness</b>	<b>max pts: 30</b> <b>15</b>
<ul style="list-style-type: none"> <li>● Site availability (no/few lease/uses/deed restriction issues)</li> <li>● Status of project planning (advanced)</li> <li>● Development partners/partnership (identified/formed)</li> <li>● Financial resources/tools available, being secured/secured (including location in improvement district/OZ, etc.)</li> <li>● Market readiness in area / development timing</li> <li>● Serves agency mission &amp; provides public benefits (see below)</li> </ul>	

Comments

<b>Catalytic Impact</b>	<b>max pts: 20</b> <b>10</b>
<ul style="list-style-type: none"> <li>● Expansion of infrastructure &amp; service capacity for area-wide development/redevelopment</li> <li>● Advancement of priority State redevelopment/development objectives in neighborhood/region (mixed-use/mission-serving communities on State lands or growth/revitalization interests)</li> <li>● Alignment with county plans / county catalytic projects/investments in TOD, smart growth</li> </ul>	

Comments

<b>Site Considerations</b>	<b>max pts: 10</b> <b>5</b>
<ul style="list-style-type: none"> <li>● Proximity to station or commercial center with scheduled public transportation service</li> <li>● Development potential (access, size, configuration, adjacent land uses)</li> <li>● County Plan land use designation &amp; zoning</li> <li>● Site constraints:                             <ul style="list-style-type: none"> <li>● Environmental, hazards, cultural/archaeological</li> <li>● Infrastructure capacity</li> </ul> </li> </ul>	

Comments

Evaluator:

7-2-20

State TOD Affordable Housing Along Honolulu Rail Corridor

	SP No.	Lead	TOD Area	Project	Land Area (ac.)	2025 Afford 5 yrs	2025 Total 5 yrs	2030 Afford 10 yrs	2030 Market 10 yrs	2030 Total 10 yrs	2031-50 Afford 11-30yr	2031-50 Total 11-30yr	TOTAL UNITS	Infrastructure Barriers/Other Barriers
East Kapolei	1	DHHL	E. Kapolei	Kauluokahai Multi-Fam & Commercial	33	250	250	250	-	250			250	RFP late 2020, C: 2022-23 Aff. % undetermined
		DHHL	E. Kapolei	Kauluokahai Single-Family Subdivisio	149	130	130	297	-	297	658	658	955	Backbone infrastructure completed
	3	UHWO	E. Kapolei	UH West Oahu Long Range DP	500			410	410	820		3,280	4,100	LRDP pending BOR approval; University District Dev. Agreement negotiations terminated
	6	DLNR	E. Kapolei	East Kapolei Master Development Pla	175			360	360	720		280	1,000	MP almost done; EIS funded; Drainage, Farrington Hwy widening. 50% affordable assumed
		DR-Hor	E. Kapolei	Hoopili		750	2,500	1,500	3,500	5,000	2,025	6,750	11,750	500 units/yr, 30% aff (10% <80%AMI, 20% 81-120% AMI)
	8	HPHA	Waipahu	Waipahu I & II Redevelopment	1						1,000		1,000	
	9	HHFDC	Waipahu	Waipahui Civic Center TOD Project	10			1,000	-	1,000			<i>tbd</i>	MP and Infrastructure assessment funded
		KS	Waipahu	Kamehameha Schools Waipahu Transit		250	500	250	250	500			500	500 units if height limit raised to 200 ft. (otherwise 200 units)
	11	UH LCC	Aiea-Pearl City	Leeward Community College TOD MP	50									LRDP pending BOR approval
	12	HPHA	Aiea-Pearl City	Hale Laulima Homes	4							1,000	1,000	
Stadium	13	SA/DAGS	Halawa	New Aloha Stadium Entertainment Dis	99			350	350	700		1,270	1,970	EIS, MP, P3 RFP pending for Ph.1 stadium/ancillary dev; 50% affordable assumed.
	14	HPHA	Halawa	Puuwai Momi Homes	12			180		180		1,320	1,500	MP in coordination w/DAGS-Stadium MP
			Halawa	Halawa View II & III		302	302	302	-	302			302	HHFDC financed, 100% affordable
			Pearl Harbor	Navy Mixed-Use Development										pending RFP
		HPHA	Kalihi	Kuhio Park Terrace Lawrises		434	434	434	-	434			434	MDA completed, pending EIS, funding; Not in TOD area
	16	PSD/DAG	Kalihi	Oahu Community Correctional Center	16									pending relocation to Halawa
	17	HPHA	Kalihi	Kamehameha Homes	16							1,500	1,500	



7-2-20

State TOD Affordable Housing Along Honolulu Rail Corridor

	SP No.	Lead	TOD Area	Project	Land Area (ac.)	2025 Afford 5 yrs	2025 Total 5 yrs	2030 Afford 10 yrs	2030 Market 10 yrs	2030 Total 10 yrs	2031-50 Afford 11-30yr	2031-50 Total 11-30yr	TOTAL UNITS	Infrastructure Barriers/Other Barriers
	18	HPHA	Kalihi	Kaahumanu Homes	7							800	800	
Iwilei-Kapalama	19	DHHL	Kapalama	Kapalama Mixed Use Master Plan	3						500	500		Lease exp. 2045
	20	UH	Kapalama	Honolulu Community College TOD MP	23								<i>tbd</i>	LRDP revision pending, no housing planned
	21	HPHA	Kapalama	HPHA Admin Offices - School St.	12	550	550	800	-	800			800	MDA in place, start Feb 2021, 550 units by 2025
	KS	Kapalama	Kamehameha Schools Kapalama			600	600	1,050	1,050	2,100	2,300	2,300	4,400	sewer/elect shortfall after Phase 1; 80-140% AMI
	CKE	Iwilei	Castle & Cooke Homes			140	140	620	320	940	480	800	1,740	60% of units at <140% AMI
	22	HPHA	Iwilei	Mayor Wright Homes	16	535	800	870	430	1,300	800	1,200	2,500	sewer/elect shortfall after Phase 1; 67% units <120% AMI
	23	DAGS	Iwilei	Liliha Civic Center	4			600	-	600				HHFDC-DAGS MOU
	24	HPHA	Iwilei	Kalaniihaha Homes	2								350	
	25	HHFDC	Kakaako	690 Pahukaina	2	390	390	590	-	590			590	Dev Agreement expected mid-2020
	26	DOE	Kakaako	Pahukaina Elementary School	2									Alakai to construct school
	30	HHFDC	Ala Moana	Alder Street Aff. Rental & Juvenile Ctr	1.5	200	200	200		200			200	Dev awarded; complete by 2022
	31	HPHA	Ala Moana	Makua Alii & Paokalani	9						1,000		1,000	
		UH	Aiea-Pearl	Pearl City Urban Gardens	29								<i>tbd</i>	
<b>TOTALS</b>						4,531	6,796	10,063		16,733	8,763	22,008	38,641	<i>Note: Affordable defined as &lt;140% AMI</i>

10-year Affordable Housing
Private Development
State TOD Priority Area

## REPORT TO TOD COUNCIL –

### INFRASTRUCTURE INVESTMENT STRATEGY WORK GROUP

The Infrastructure Investment Strategy Work Group was formed by the TOD Council in May 2020 to formulate a coordinated high-level strategy to guide decisions on how, when, and where to invest in infrastructure to facilitate and expedite TOD implementation along. This work has two interrelated components:

- **Schedule.** Development of a generalized project and cost schedule for required TOD investments – immediate/near-term and long-term actions.
- **Funding & Delivery.** Development of infrastructure financing tools and delivery options for OTD infrastructure improvement projects – immediate/near term and long-term actions.

One Work Group meeting was held on September 11, 2020 with the following reports and outcomes:

1. **Infrastructure Delivery Issues.** Updates were received on issues and concerns related to infrastructure delivery, including DAGS, DLNR, HHFDC, DOT and HPHA projects in East Kapolei, Halawa/Stadium, and Iwilei-Kapalama.
2. **City-State Coordination.** An MOU has been executed between the City & County of Honolulu and HHFDC to coordinate infrastructure delivery in the Iwilei-Kapalama area. HHFDC is pursuing development of the Liliha Civic Center and an Iwilei Infrastructure Master Plan.
3. **Need for establishing project priorities.** The need was expressed for determining and prioritizing projects which will be funded for implementation as a basis for determining infrastructure needs and priorities.
4. **Recommendation for Next Steps:** Combine the Affordable Housing Work Group and the Infrastructure Investment Strategy Work Group for refinement of financing priority projects and regional infrastructure.

#### Work Group Members:

1. *Legislature Rep. Nadine Nakamura (Co-chair)*
  2. *HHFDC Denise Iseri-Matsubara (Co-chair), Deepak Neupane, Dean Minakami*
  3. *Governor Sara Lin*
  4. *HPHA Kevin Auger*
  5. *DOT David Rodriguez, Pradip Pant*
  6. *DAGS Chris Kinimaka, David Deponte*
  7. *DLNR Russell Tsuji, Ian Hirokawa, Lauren Yasaka*
  8. *DOE Randy Tanaka, Roy Ikeda*
  9. *UH Carleton Ching*
  10. *City & County of Honolulu: Kathy Sokugawa, Harrison Rue, Min Bu*
  11. *OP Mary Alice Evans, Rodney Funakoshi, Ruby Edwards, Carl Miura*
- Guests: Phillip Garboden (UHERO/DURP), Dave Arakawa (LURF)*